

010714

TRANS-ATLANTIC AMERICAN FLAG LINER OPERATORS
FMC AGREEMENT NO.

A RATEMAKING AGREEMENT .
AMONG OCEAN COMMON CARRIERS
OPERATING VESSELS DOCUMENTED UNDER
THE LAWS OF THE UNITED STATES

NOTE:
This Agreement Has Not Been Previously Published

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THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

ARTICLE 1: NAME OF AGREEMENT

1.1 The ocean common carriers named in Article 3 of this Agreement (the "Members"), operating vessels documented under the laws of the United States, hereby establish an association to be known as the "Trans-Atlantic American Flag Liner Operators or "TAAFLO".

ARTICLE 2: PURPOSE OF AGREEMENT

2.1 The purpose of this Agreement is to establish a lawful basis for cooperation among the Members in deterring instability, malpractice and economic waste and providing for the efficient and economic transportation of household goods, personal effects and unaccompanied baggage originating with U.S. Government agencies and moving under through government bills of lading or similar shipping documents ("TGBLs") executed by motor or rail carriers, household goods movers, or freight forwarders (hereinafter "Contractors" or "Shippers") under rate/service tenders, or other procurement arrangements, approved or otherwise accepted by said agencies ("relevant cargo").

ARTICLE 3: PARTIES TO AGREEMENT

3.1 The full legal names of the parties to this Agreement, each of which is incorporated and domiciled in the United States, and the addresses of their respective principal offices, are:

Farrell Lines Incorporated
(A United States Company)
One Whitehall Street
New York, N. Y. 10004

Lykes Bros. Steamship Co., Inc.
(A United States Company)
300 Poydras Street
New Orleans, La. 70130

Sea-Land Service, Inc.
(A United States Company)
10 Parsonage Road
Menlo Park, N. J. 08817

United States Lines, Inc.
(A United States Company)
27 Commerce Drive
Cranford, N. J. 07016

ARTICLE 4: GEOGRAPHIC SCOPE OF AGREEMENT

4.1 This Agreement covers the transportation of relevant cargo by the Members in the foreign commerce of the United States except that which is transported between any port, point or place in the United States and any port, point or place in the Far East.

4.2 For the purposes of this Article, "United States" means the District of Columbia; Commonwealths of Puerto Rico and the Northern Marianas; all other United States territories and possessions; and the several States except Alaska and "Far East" means the area lying west of 130 degrees West Longitude and east of 90 degrees East Longitude.

ARTICLE 5: AGREEMENT AUTHORITY

5.1 The Members, directly or through their professional staff, agents and contractors, and with respect to relevant cargo they transport or offer to transport in the trade, are authorized to:

(a) Agree upon, establish, cancel, maintain and revise: (i) rates, including volume, time-volume, local, proportional (including proportional rates based on origin/destination) and through rates (whether single-factor, multi-factor, combination, joint, intermodal or non-intermodal, or otherwise and inland portions of through rates; charges for all services provided in connection with transport in the trade not covered by such rates, including terminal charges and any surcharges; classifications of cargo; rules; regulations; and tariffs, including separate tariffs or separate sections in tariffs pertaining to service to or within any particular area within the geographic scope of this Agreement; and (ii) rates, rules and charges relating to: per diem, free time and detention on carrier-provided containers, chassis and related equipment; positioning or return of such equipment; interchange with connecting carriers; receiving, handling storing, pick-up and delivery of cargo; consolidation; container yards, depots, and freight stations; and route coding services; (iii) rules, allowances, arbitraries and other matters relating to alternate port service by Members, including the application of such service to the positioning or return of empty carrier equipment; and (iv) such matters as may be ancillary to the transportation of cargo in the trade;

(b) Declare any tariff rate, rule or regulation to be "open", with or without agreed minimum or other limitation, and thereafter declare any tariff matter so "opened" to be "closed";

(c) Obtain, compile, maintain and distribute such information, records and statistics as may be deemed necessary or desirable to conduct their business;

(d) Agree to jointly negotiate and enter into service contracts, including time-volume and time-revenue contracts, with individual shippers, shippers' associations (as defined at Section 3(24) of the Shipping Act of 1984) and other groups of shippers, and agree to the terms and conditions of any such contracts, including the amendment, extension or renegotiation thereof. Except as so agreed, no Member shall, individually or jointly with any other Member or other carrier, negotiate or enter into a service contract with any person or persons which covers the transportation of relevant cargo in the trade. Provided, however, that prior to the execution of any service contract any Member may elect not to participate, or to limit its participation therein, in which event the contract shall so state. Further provided, that the right of independent action under Article 13 of this Agreement shall not apply in any respect whatsoever to service contracts and may not be exercised to deviate, in any respect whatsoever, from the terms and conditions of any service contract entered into by agreement of the Members as herein provided with respect to the transportation of any cargo within the scope of such contract. Further provided, that each contract entered into hereunder, and its essential terms, shall be filed with the Federal Maritime Commission ("FMC") in accordance with FMC regulations applicable thereto;

(e) Engage in activities, and enter into lawful agreements with or among rail, air, or motor carriers, carriers by water other than common carriers by water subject to the Shipping Act of 1984, forwarders, consolidators and other persons concerning the foreign inland segment of through transportation;

(f) Provide for self-policing and enforcement of the obligations of the Members under this Agreement; cargo and shipping document inspection; the collection of underpayments of tariff rates and charges; and rules and procedures governing such activities and the resolution of disputes arising therefrom;

(g) Meet, discuss and agree among themselves, and with Contractors, upon the terms of payment of rates and charges in tariffs published pursuant to this Agreement, including the furnishing of bonds and other arrangements to insure the payment of such tariff rates and charges and other matters relating to the payment and collection thereof such as: rules regarding the time and currency in which such payments shall be made; currency conversion rules; and credit conditions including security requirements, suspension and restoration of credit privileges, handling of delinquent accounts and interest thereon, and notice to Members with respect to all such matters; and

(h) Succeed to all of the interests, funds, property, records, accounts, claims, obligations and rights of Atlantic & Gulf American-Flag Berth Operators ("AGAFBO") Agreement, FMC No. 9355, and its Members,

under any contracts or agreements to which it and they are party including, but not limited to, housekeeping and other administrative arrangements and agreements; employment and procurement contracts; bonds and other financial instruments furnished by Contractors to insure the payment of freight and obtain credit privileges, and to further succeed to and continue in effect without interruption, AGAFBO Tariff FMC No. 3, and as it may be renamed, renumbered or otherwise amended to reflect said succession in conformity with FMC regulations;

(i) Meet together, and with other persons, and engage in activities with each other and with other persons, including the exchange of relevant information, statistics and other data, for the purpose of considering, formulating, negotiating and entering into any agreement within the scope of the Shipping Act of 1984. Provided, however, that no such agreement shall be implemented except in accordance with said Act;

(j) Meet, discuss and negotiate with individual shippers, shippers' associations and other groups of shippers with regard to tariff rates, charges, classifications, rules and regulations;

(k) Charter space on any other Member's vessel pursuant to the rules and procedures set forth at Annex A of this Agreement and which Annex is hereby incorporated by reference; and

(l) Agree from time to time upon such matters within the scope of this Agreement that may be deemed necessary or desirable to meet the needs of shippers, respond to trading conditions and promote the welfare of the commerce served.

ARTICLE 6: AGREEMENT OFFICIALS AND DELEGATIONS OF AUTHORITY

6.1 The Members shall appoint a Chairman (the "Chairman") not otherwise associated with any of them but who may be, at the same time, the Chairman or an official of any other carrier association. The Chairman shall have full authority to carry out decisions of the Members and perform such other duties and functions as may be determined and delegated by the Members. The Chairman may, except as otherwise expressly directed by the Members, delegate such duties and functions to members of the Agreement staff. Subject to the directions of the Members, the Chairman is specifically authorized to receive shippers' requests and complaints; meet, discuss, and negotiate tariff rates, charges, classifications, rules and regulations with shippers, consignees, shippers' association, other shippers' groups and their agents or representatives; negotiate contracts; execute contracts for and on behalf of the Members including, but not limited to, service contracts and amendments thereto; execute amendments to this Agreement; assume custody and maintain the books, records and property of the Members under this Agreement; obtain, compile, maintain and distribute information and statistics pertaining to the business of the Members under this Agreement; provide notice of meetings and agenda therefor; keep records of proceedings; prepare and issue reports of meetings, tariffs, and studies and recommendations requested by Members or initiated by the Chairman; assist in the conduct of self-policing operations; accept, maintain, execute, and seek collection against bonds or other financial guarantees and instruments furnished by Contractors in connection with credit privileges and

facilities extended by Members and otherwise administer and enforce credit systems established pursuant to the Agreement; and perform such other duties and functions as may be assigned by the Members. The Chairman, or a member of the Agreement staff designated by him, shall chair meetings of Members. Provided, however, that in the absence of the Chairman, or the staff member so designated, at any such meeting, or upon the decision of the Members, any person representing a Member at a meeting may be appointed by the Members to chair that meeting.

6.2 The Members may provide for the employment of such officials, clerical and other personnel (the "Agreement staff") as may be deemed required to assist the Chairman in the performance of his duties and to act for the Chairman in the event of absence or disability. Except as otherwise specifically determined by the Members, the Chairman shall be empowered to select the persons to be so employed and to discharge any of those persons from such employment. The Members may also appoint overseas representatives. Overseas representatives shall report to the Chairman and perform such functions within the scope of this Agreement as the Chairman may assign and delegate.

6.3 The Members may, from time to time, establish standing, ad hoc, sectional and other committees and sub-committees ("committees") as they consider needed to efficiently conduct the business of the Agreement. Such committees may be authorized, in whole or in part: to make recommendations, studies and reports; otherwise consider, and take final action concerning, any

or all matters within the scope of this Agreement; implement decisions reached pursuant to this Agreement; and delegate or assign any of the foregoing functions to other committees. The Members may likewise decide to revise the functions and authority of any committees so established and to abolish any committee at any time it is no longer considered to be needed. Unless otherwise unanimously agreed, each Member shall be entitled to full and equal membership on any committee which is so established and delegate authority to and designate the person or persons selected to represent it.

ARTICLE 7: ADMISSION AND READMISSION TO, AND WITHDRAWAL
AND EXPULSION FROM, MEMBERSHIP IN AGREEMENT

7.1 (a) Any ocean common carrier, as defined in section 3(18) of the Shipping Act of 1984, operating vessels documented under the laws of the United States and who has been regularly engaged as such a carrier in the trade, or who furnishes evidence of ability and intention in good faith to institute and maintain regular service in the trade, and who evidences an ability and intention in good faith to abide by all the terms and conditions of this Agreement, may hereafter become a Member hereof. Every application for admission or readmission to membership (hereinafter "admission") shall be acted upon promptly. No ocean common carrier which has complied with the conditions set forth in this Article shall be denied admission to membership. Prompt notice of admission shall be provided to the FMC and no admission shall be effective prior to the postmark date of such notice. Advice of any denial of

admission to membership, together with a statement of the reasons therefor, shall be furnished promptly to the FMC.

(b) Each applicant for admission shall execute a copy of this Agreement and pay into the Agreement funds an initiation fee in the sum of \$2,500.00.

(c) Upon admission, each Member shall provide the Chairman with a financial guarantee of its compliance with all of the terms and provisions of this Agreement and rules and regulations thereunder. Said guarantee shall consist of a bank deposit of \$25,000 or other security of equivalent value, including an irrevocable letter of credit or performance bond, satisfactory to the Chairman. Interest or dividends accruing on such security shall be for the account of the depositing Member and be remitted promptly to it. Upon notice from the Chairman, each Member shall immediately provide additional security so as constantly to maintain the value of the deposit in the amount of \$25,000.00. The guarantee shall be returned or refunded to the depositing Member within ninety (90) days after termination of its membership in the Agreement. Provided, however, that no such return or refund shall be made until any pending self-policing actions against such a Member have been concluded and all indebtedness it may have to the Agreement shall have been fully paid or otherwise settled.

7.2 (a) Any Member may resign without penalty from the Agreement, effective not less than 180 calendar days after receipt of written notice thereon by the Chairman who shall immediately provide copies of the notice to the other Members. Provided, however, that the retention of any security for the payment of outstanding obligations hereunder shall not be considered as a penalty.

Resignation on less than such notice shall render a Member liable for liquidated damages in the sum of \$1,000 per day for each such day but not to exceed a total amount of \$50,000. Notice of the resignation of any Member shall be furnished promptly to the FMC.

(b) Any Member may, within thirty (30) calendar days of receipt of a notice of resignation by another Member, resign by the same procedure and subject to the same conditions, but effective not earlier than the day designated by such other Member's notice of resignation. The tendering of a notice of resignation shall not, until the resignation becomes effective, relieve a Member of its obligations under this Agreement, but a Member shall not, after it submits such a notice, be entitled to vote on any matter which is to continue in effect until, or become effective after, the effective date of its resignation.

(c) Any notice of resignation tendered by a Member may be withdrawn at any time prior to its effective date upon advice thereof to the Chairman who shall immediately so advise the other Members. In such an event, the involved Member's voting rights will be at once fully restored and it shall not be liable for any otherwise applicable liquidated damages.

7.3 No Member may be expelled against its will from this Agreement except for failure to maintain ocean common carrier service within its scope for a period of sixty (60) calendar days, force majeure excepted, or for failure to abide by its terms and conditions. Expulsion must be authorized by unanimous vote of all Members excluding the Member whose expulsion is at issue. No expulsion shall become effective until a detailed statement setting forth the

reasons therefor has been provided to the expelled Member and a copy to the FMC.

7.4 Any carrier becoming a Member of this Agreement shall thereby become a party to, and any carrier resigning or expelled from membership shall thereby cease to be a party to, any agreements or contracts jointly entered into by all of the Members on the one hand, and any other person or persons, on the other. Provided, however, that nothing herein shall serve to relieve any Member which has resigned or been expelled from any prior liability or cost sharing obligation it may have jointly or severally incurred under any such agreements or contracts.

ARTICLE 8: VOTING

8.1 Only those Members offering service from particular ports or points within the scope of this Agreement to such ports or points shall be entitled to vote tariff matters pertaining exclusively to such service.

8.2 (a) Except as otherwise expressly provided at sub-Articles 7.2(b) (notice of resignation), 7.3 (expulsion from membership) and 8.1 (service requirements) of this Agreement, each Member shall be entitled to cast one vote on each matter presented for decision pursuant thereto. Further provided, however, that should the Members decide to establish any committee of less than the entire membership, only the Members serving thereon will be entitled to vote on any matter before that committee and which it is authorized to decide.

(b) Members entitled to vote may vote for ("yes"), against ("no") or with the majority ("majority") with respect to any matter presented for decision at a meeting or by poll, or may elect to abstain ("abstain") from voting on any matter so presented. In the event of an equal number of votes for and against any

matter, majority votes shall be counted as votes against that matter. Should any Member elect to abstain from voting on any matter, whether subject to majority or unanimous voting requirements, that matter shall be determined solely on the basis of the votes cast by the other Members. At a meeting, a Member may also elect to "pass" or to "revert" when called upon by the Chairman of the meeting to cast its vote. In the former case, the Member shall cast its vote immediately after each other Member has been so called upon. In the latter case, the Member shall cast its vote after the meeting by advising the Chairman of the meeting within the time established by said Chairman for it to do so, failing which the Member shall be counted as having voted with the majority on the matter involved. Provided, however, that where a matter voted upon at a meeting would carry or fail notwithstanding the subsequent vote of a "reverting" Member, that matter shall be recorded and treated as a final decision unless all of the other Members voting thereon agree to hold that decision in abeyance at the request of the "reverting" Member and pending the timely subsequent casting of its vote.

(c) Any matter which may be decided by the Members pursuant to this Agreement may be considered and acted upon by telephone, telex, personal or other type of poll, as well as at meetings. Such polls shall be conducted upon the request of any Member or at the initiative of the Chairman. If, after two (2) or more working days following the commencement of a poll, votes sufficient to determine the matter involved pursuant to this Agreement have been cast, that matter shall be recorded and treated as a final decision notwithstanding that any Member's vote with respect thereto has not been cast.

(d) Any matter presented for decision pursuant to this Agreement, at a meeting or by poll, may be voted upon by secret ballot and shall be so voted upon at the request of a Member. At the conclusion of such a ballot, the Members will be advised as to whether the matter voted upon carried or failed and the number of each category of votes cast.

(e) Members may vote at meetings only if present. Voting by proxy at meetings will not be permitted.

8.3 Except as otherwise expressly provided by this Agreement, all matters presented for decision shall require an affirmative vote of a numerical majority of all Members entitled to vote thereon to carry; and except as also so otherwise provided, each Member shall be bound by, and respect and adhere to, all final decisions which are reached pursuant to the provisions of this Agreement. Further provided that decisions to amend this Agreement shall require the unanimous vote of all Members entitled to vote.

8.4 (a) Regular meetings of the Members and such committees as they establish pursuant to this Agreement, the date, time and place of which they shall determine or leave to "the call of the chair", will be held with sufficient frequency to permit the expeditious transaction of Agreement business. Unless unanimously waived, at least four (4) working days advance notice shall be given of all matters to be considered at any meeting which require unanimous decision to carry. Special meetings may be requested by any Member upon application to the Chairman, together with full information as to the reason for same, and such special meetings shall be called by the Chairman. Notice of special

meetings, setting forth the subject matter of the meetings, shall be given to all Members. Members may decide to cancel or change the date, time and place of any regularly scheduled meeting or any special or other meeting which has been called.

(b) A quorum at any meeting at which final action is authorized to be taken shall consist of a numerical majority of all Members entitled to vote. In the absence of a quorum at such a meeting, no final action shall be taken. There shall be no quorum requirements at meetings at which final action is not authorized to be taken.

(c) The Members may, from time to time, adopt and revise parliamentary procedures governing the conduct of meetings and other Agreement proceedings and determine the manner in which parliamentary issues are to be resolved.

ARTICLE 9: DURATION OF AGREEMENT

9.1 (a) This Agreement may be implemented, in whole or in part, as from its effective date pursuant to the Shipping Act of 1984. Provided, however, that the general obligations of the Members pertaining to adherence to Agreement tariffs set forth at Article 14.2 hereof shall not be binding upon any Member until the first day a tariff of rates and charges filed pursuant to this Agreement, and covering the transportation of relevant cargo in any particular sector of the trade a Member serves, becomes effective pursuant to said Act and the applicable regulations of the FMC; and further

provided that the Members may continue to adhere to the tariffs of the Atlantic and Gulf American Flag Berth Operators, FMC Agreement 9355, and to continue their participation and membership in that Agreement, for sixty (60) days following the effective date of this Agreement.

(b) Any subsequent amendment to this Agreement shall become effective on the first day it may be lawfully implemented under the Shipping Act of 1984 except that should such an amendment stipulate that it shall enter into effect at a later time, then it shall be effective at such later time.

9.2 This Agreement, as it may be from time to time amended, shall continue in full force and effect indefinitely unless terminated by the unanimous vote of the entire membership. Termination shall be subject to such terms and conditions as the Members may determine and notice of termination shall be provided to FMC in accordance with its applicable rules.

ARTICLE 10: NEUTRAL BODY POLICING

10.1 Upon the written request of a Member, submitted to the Chairman, the Members shall engage the services of an independent neutral body to police fully the obligations of the Association and its Members.

10.2 In the event a neutral body is engaged, pursuant to Sub-Article 10.1, or in the event Members decide to otherwise provide for self-policing in a manner permitted by law, any provisions relating thereto and required to be

made part of this Agreement by FMC rules, shall be attached hereto as an Annex, or included in the text of this Agreement, in such manner and form as may be prescribed by those rules.

ARTICLE 11: PROHIBITED ACTS

11.1 The Members shall not engage in any boycott or take any other concerted action resulting in an unreasonable refusal to deal; or engage in any predatory practice designed to eliminate the participation, or deny the entry, in a particular trade, of a common carrier not a member of this Agreement, a group of common carriers, an ocean tramp or a bulk carrier.

ARTICLE 12: CONSULTATION; SHIPPERS' REQUESTS AND COMPLAINTS

12.1 In the event of a controversy, claim or dispute of a commercial nature arising out of or relating to (i) this Agreement or (ii) any effort to reduce or eliminate malpractices, the Members, acting through the Chairman or other designee, shall endeavor to resolve the dispute in an amicable manner, with the opportunity for direct discussions with the disputant. The means of invoking such consultation shall be set forth in the joint tariffs of the Members.

12.2 (a) Shippers' requests and complaints may be made by filing statements thereof with the Chairman. Such statements shall be accompanied by completed information sheets prescribed by the Chairman. Statements and information sheets shall be distributed promptly to all Members.

(b) A request or complaint shall be promptly considered by the Members. Discussions and actions of the Members on a request or complaint need not be restricted to the exact scope of the request or complaint but may include other matters varying from but related thereto. The Members shall render a decision on a request or complaint promptly after its distribution to them. Such decision shall be in writing, signed by the Chairman or his designee, and forwarded to the requesting or complaining party. If a request or complaint is denied, the requesting or complaining party shall be granted an early opportunity to be heard by the Chairman or his designee.

(c) The procedures for filing shippers' requests of complaints shall be set forth in the joint tariffs of the Members.

ARTICLE 13: INDEPENDENT ACTION

13.1 Except as otherwise provided herein, any Member shall have the right to take independent action with respect to any rate or service item required to be filed in a tariff under Section 8(a) of the Shipping Act of 1984 upon not less than ten (10) calendar days' written notice to the Chairman, received during normal business hours, specifying said action. Provided, however, that should a Member elect to adhere to a particular tariff entry less favorable to the cargo interest than that adopted by the other Members, the foregoing ten (10) day requirement shall not apply, and the Member shall have the right, upon notice to the Chairman, to take independent action immediately, with effect from the

earliest date an appropriate tariff filing may be accomplished by the Chairman or on such later date as the Member may specify.

13.2 Upon receipt of a Member's notice of independent action, the Chairman shall promptly advise all other Members. Each other Member shall thereupon have the right to take identical action with effect from the same date, or any subsequent date, by so advising the Chairman in writing. Except to so match the independent action of another Member, no Member may revise any matter with respect to which it has provided notice of independent action, and whether or not that action has become effective, without first providing notice of such intent in accordance with Sub-Article 13.1 hereof.

13.3 The Chairman shall implement an authorized independent action of a Member by effecting the publication and filing thereof in the appropriate tariff for its use. At any time before or after a Member has given notice of independent action, and at any time before or after such independent action becomes effective, the Members may discuss and adopt the proposed, pending or effective independent action, or may take any other action in response thereto, including action for the purpose of reaching a compromise. Any matter so decided by the Members shall be in accordance with the terms of this Agreement and, unless adopted without modification, no proposed, pending or effective independent action of any Member shall be cancelled or altered without such Member's consent. Nothing herein shall require a Member proposing an independent action to (i) attend any meeting called to discuss the independent action or (ii) compromise the independent action.

ARTICLE 14: OBLIGATIONS OF MEMBERS

14.1 Members shall strictly abide by all of the terms of this Agreement and all rules and regulations established pursuant thereto. No Member, nor any holding, parent, subsidiary, associated or affiliated company of a Member, shall provide, arrange or participate in any arrangement for transportation of relevant cargo in the trade at rates or on terms and conditions other than those established or otherwise authorized pursuant to this Agreement.

14.2 All rates and other charges for or in connection with the transportation of relevant cargo in the trade shall be quoted, charged and collected by Members in accordance with Agreement tariffs and no part thereof shall be, directly or indirectly, remitted or refunded in any manner or by any device.

14.3 Each Member unconditionally warrants that neither it nor any parent, subsidiary, associated or affiliated company, or its agents or their agents or any of them, shall either directly or indirectly, in any manner or by any device whatsoever, give or promise to any former, present or prospective shipper, consignee, forwarder, broker, cargo owner or beneficial owner, intermediary or cargo interest; or to any director, officer, employee, agent or representative of such person or persons, or to any member of the family of any of the aforesaid any return, commission, compensation, concession, or any free or reduced storage, passenger fare or transportation rate, charge or facility, or any bribe, gratuity, gift of substantial value or other payment or remuneration, or render any service to any of the foregoing, outside or beyond that provided for in the Agreement tariffs, for or in consideration of its or any other patronage in the trade.

14.4 Except as specifically authorized elsewhere in this Agreement, no Member shall take independent action with respect to any matter within its scope. Each Member warrants that no entity or person representing it as an agent, or in any other capacity, shall represent any non-member vessel operating or non-vessel operating carrier transporting or offering to transport relevant cargo in the trade except to the extent the Members may otherwise agree or where no other agent is available.

14.5 Except as may be duly required by governmental regulations, compulsory process of law, or otherwise agreed, no Member shall disclose to any person, except representatives of other Members, the Chairman and members of his staff, and its own or the Agreement's attorneys, the view or position of any Member on any matter considered under the Agreement or any legally privileged or otherwise confidential Agreement business, and it is expressly stipulated that any conduct in conflict with these undertakings shall constitute a serious breach of this Agreement for which liquidated damages of \$10,000 may be assessed.

ARTICLE 15: MINUTE FILING AND RECORD RETENTION

15.1 Minutes of meetings of Members pursuant to this Agreement shall be filed with the FMC in accordance with such regulations as it may prescribe.

15.2 Records of activities under this Agreement to the extent required by FMC regulations, shall be retained by the Chairman.

ARTICLE 16: AGREEMENT EXPENSES AND HOUSEKEEPING
ARRANGEMENTS


16.1 The expenses of the Agreement shall be apportioned among the Members as they shall from time to time determine. Invoices for assessments to meet such expenses shall be rendered periodically by the Chairman to the Members and be promptly paid. The Chairman is authorized to apply a Member's financial guarantee under Article 7.1(c) to satisfy any such assessment which is outstanding for more than sixty (60) days after written notice of delinquency to such Member.

16.2 (a) For purposes of economy and administrative efficiency, the Agreement may enter into housekeeping arrangements with other carrier associations or persons and may share office space, equipment, facilities, personnel and administrative services; and participate in joint pension, insurance and other employee benefit plans, with such other associations or persons.

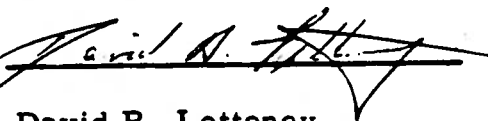
(b) All housekeeping operations and functions shall be conducted and performed under the administrative supervision of the Chairman, and shall be directed by any committee of the Members they may designate for that purpose.

IN WITNESS WHEREOF, the Members have caused this Agreement
to be executed below by their duly authorized representatives.

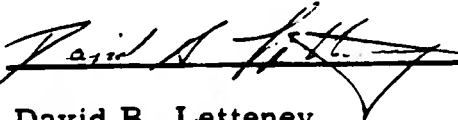
FARRELL LINES INCORPORATED

Signature: 
Name: David B. Letteney
Title: Attorney-In-Fact

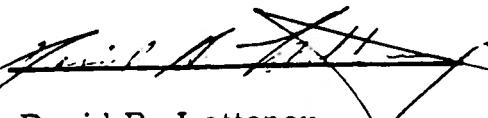
SEA-LAND SERVICE, INC.

Signature: 
Name: David B. Letteney
Title: Attorney-In-Fact

UNITED STATES LINES, INC.

Signature: 
Name: David B. Letteney
Title: Attorney-In-Fact

LYKES BROS. STEAMSHIP CO. INC.

Signature: 
Name: David B. Letteney
Title: Attorney-In-Fact

New York, New York
January 3, 1985

ANNEX A

RULES AND PROCEDURES FOR
SPACE/SLOT CHARTERING AMONG MEMBERS

The Members of the Trans-Atlantic American Flag Liner Operators
(the "Members"), FMC Agreement No. (the "Agreement"),
hereby establish, pursuant to Sub-Article 5.1(k) of said Agreement, the
following rules and procedures governing space/slot chartering arrangements
among the Members:

Section 1: Definition of Terms

As used herein, a Member who charters vessel capacity from
another Member is the "charterer", a Member whose vessel capacity
is chartered by another Member is the "underlying carrier," and the
shipper who tenders the cargo to the charterer is the "underlying shipper."

Section 2: Members Rights and Obligations

(a) Any Member may advise any other Member at any time of the
need for, or the availability of, vessel capacity for chartering purposes.
Except as provided in Subsection 2(b) hereof, a Member may charter
space or slots under such Member's operational control to another Member
on any ocean line-haul, feeder, relay or other vessel utilized for the

transportation of cargo within the scope of the Agreement. Any Member may agree to such a charter arrangement in conjunction with discussions regarding the deployment or redeployment of such vessel. Cargo shipments within the scope of the Agreement may be made under space/slot charter arrangements between or among Members only where the charterer has booked the shipment pursuant to an Association tariff. Shipments of Members' empty containers and other transportation equipment may be made under space/slot charter arrangements without reference to Agreement tariffs.

(b) A Member not entitled to vote on particular matters by reason of the service requirements of Sub-Article 8.1 of the Agreement may not charter space or slots pursuant to the Agreement from any other Member for the transportation of cargo between ports it does not ordinarily serve.

(c) Space/slot chartering shall be strictly voluntary. No Member shall be obligated to charter space or slots to or from any other Member except as any Members may, from time to time, mutually agree.

(d) Cargo shipments made pursuant to this Annex shall be consigned to the charterer and transported by the underlying carrier on a contract basis.

(3) Compensation for any shipments under space/slot charter

arrangements between or among Members shall be as the parties to such arrangements may agree.

(f) Nothing herein shall be construed as a demise or partial demise of any vessel of any Member. At all times during any voyage on which cargo, containers or other equipment are carried pursuant to the terms of a space/slot charter arrangement entered into hereunder, the Master, his delegates, the officers and crew, shall be and remain the employees and agents of the underlying carrier only and shall not be or be deemed to be the employees or agents of the charterer.

(g) The charter and underlying carrier shall make such ancillary terminal, operating, administrative and other arrangements as may be needed to conduct and perform space/slot chartering pursuant hereto, and shall exchange such booking data, shipping documents, tariff information and other material as they may require for that purpose.

(h) An underlying carrier will ensure that its personnel will, in accordance with any instructions of the charterer, maintain, repair, and inspect the charterer's equipment.

Section 3: Liabilities

(a) Charterer. The charterer shall, with respect to the underlying shipper, employ its own usual bill of lading and strictly adhere to

applicable published tariffs. The charterer shall be liable to the underlying shipper and shall receive and process claims for cargo loss and damage in the same manner and to the same extent and degree as if the cargo had been transported on the charterer's own vessel. The charterer shall indemnify and hold harmless the underlying carrier for damage to property, death, injury or illness resulting from misdescription of goods, improper stowage of goods within containers, or defect in the construction of containers tendered by the charterer to the underlying carrier. The charterer shall also indemnify the underlying carrier for any fines, penalties, duties or other expenses imposed on the latter due to errors in cargo manifests or any other documents, whether furnished by the charterer or the underlying shipper, if the charterer is liable for such errors.

(b) Underlying Carrier. Subject to the terms and conditions of the space/slot charter arrangement, the underlying carrier shall indemnify the charterer, as provided in the Carriage of Goods by Sea Act, 46 U.S.C. §§1301-1315, for liability to the underlying shipper in connection with any loss or damage to property caused by the underlying carrier.

(c) Force Majeure. Except as may be otherwise specifically provided in a space/slot charter arrangement, the obligations of the parties to an arrangement shall be excused to the extent that the existence and continuance of conditions beyond the parties' control render either the

underlying carrier or the charterer, or both, unable to carry out their obligations. Such conditions include but are not limited to: war; civil commotion; invasion; rebellion; hostilities; strikes labor disputes, sabotage or other work stoppages; unusually severe weather; regulations or orders of governmental authorities; legal intervention; acts of God; or inability to obtain materials or services. A party asserting the existence of such conditions as an excuse for non-performance shall promptly give written notice of such conditions to all other parties to the charter arrangement.

Section 4: Resolution of Disputes

Except as specifically provided in a space/slot charter arrangement under this Agreement, or as may be otherwise mutually agreed by the parties in interest, this Agreement shall be governed by the laws of the State of New York and any and all differences or disputes between or among the Members, or any of them, of whatever nature arising out of this Agreement shall be put to arbitration in the City of New York pursuant to the laws relating to arbitration there in force, before a board of three persons, consisting of one arbitrator to be appointed by the party or parties complaining, one by the party or parties complained against, and one by the two so chosen. The decision of any two of the three on any point or points shall be final. The arbitrators may grant any relief which they, or a majority of them, deem just and equitable and within the

scope of this Agreement including, but not limited to, specific performance. Awards made pursuant to this Article may include costs of the arbitration and a reasonable allowance for attorney's fees and judgment may be entered upon any award made hereunder in any Court having jurisdiction in the premises.

Section 5: Cargo Preference Laws

Laws and government regulations requiring shipments to be carried in whole or in part by a national flag line shall be observed unless appropriate waivers are obtained.

Section 6: Amendment of this Annex

The procedures herein may be amended only by unanimous vote of all Members entitled to vote.

Section 7: Optional Arrangements

The liability and disputes provisions of Sections 3 and 4, and the provisions of subparagraphs (f) and (h) of Section 2 hereof, shall apply except as may be otherwise mutually agreed by a charterer and an underlying carrier with respect to any space/slot chartering arrangements between them.

IN WITNESS WHEREOF, the Members have caused this Annex to
be executed below by their duly authorized representatives.

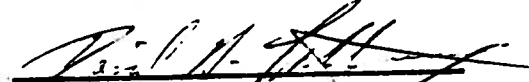
FARRELL LINES INCORPORATED

Signature: 

Name: David B. Letteney

Title: Attorney-In-Fact

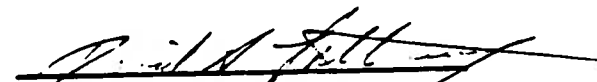
SEA-LAND SERVICE INC.

Signature: 

Name: David B. Letteney

Title: Attorney-In-Fact

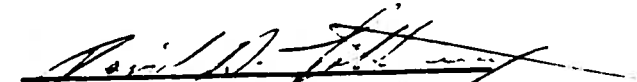
UNITED STATES LINES INC.

Signature: 

Name: David B. Letteney

Title: Attorney-In-Fact

LYKES BROS. STEAMSHIP CO., INC.

Signature: 

Name: David B. Letteney

Title: Attorney-In-Fact

New York, New York
January 3, 1985